

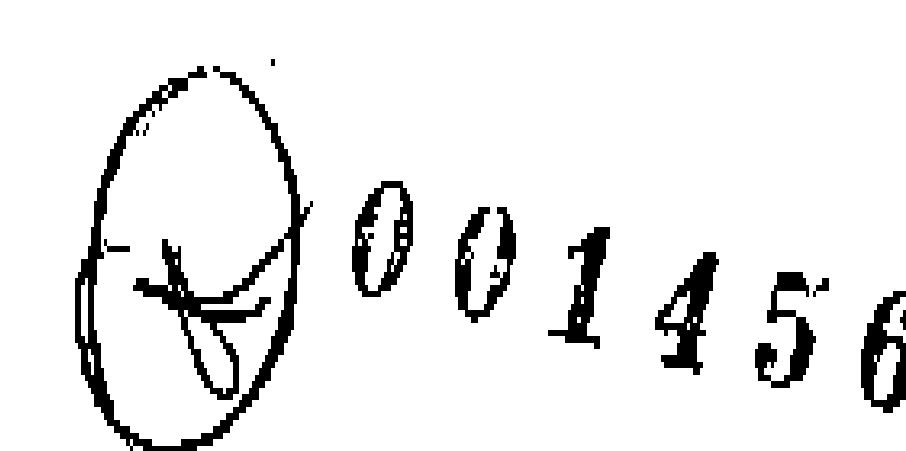
United States Bankruptcy Court  
61288, Houston TX 77208SOUTHERN DISTRICT OF TEXAS P.O.Box  
(Houston Division)

## PROOF OF CLAIM

UNITED STATES COURTS  
SOUTHERN DISTRICT OF TEXAS  
Creditor ID#: 788P394  
FILED

AUG 02 2000 EC

Michael N. Milby, Clerk

Name of Debtors  <input type="checkbox"/> Stage Stores, Inc., a Delaware corporation <input checked="" type="checkbox"/> X Specialty Retailers, Inc., a Texas corporation <input type="checkbox"/> Specialty Retailers, Inc. (NV), a Nevada corporation	Case Number  00-35078-H2-11 00-35079-H2-11 00-35080-H2-11	UNITED STATES COURTS SOUTHERN DISTRICT OF TEXAS Creditor ID#: 788P394 FILED AUG 02 2000 EC Michael N. Milby, Clerk
*place an "x" beside the name of the Debtor you are filing a claim against		
Name of Creditor (The person or other entity to whom the debtor owes money or property):  B-Y Edinburg Center, Ltd Attn: Real Estate	Check box if you are aware that anyone else filed a proof of claim relating to your claim. Attach copy of statement giving particulars.	
Name and address where notices should be sent:  *****AUTO**3-DIGIT 782 B-Y Edinburg Center, Ltd Attn: Real Estate 4829 Macro San Antonio TX 78218-5420  B-Y Edinburg Center, Ltd Attn: Real Estate	Check box if you have never received any notices from the bankruptcy court in this case  Check box if the address differs from the address on the envelope sent to you by the court.	
Account or other number by which creditor identifies debtor:	Check here <input type="checkbox"/> replaces if this claim <input type="checkbox"/> amends a previously filed claim, dated: _____	
<b>1. Basis for Claim</b>  <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input checked="" type="checkbox"/> X Other Rent & other charges due under leases with B-Y Edinburg Center, Ltd and Debtor	Retiree benefits as defined in 11 U.S.C. § 1114(b) <input type="checkbox"/> Wages, salaries, and compensation (Fill out below) Your SS#: _____ Unpaid compensation for services performed from _____ to _____ leases (date) (date)	
<b>2. Date debt was incurred: Monthly under Leases</b>	<b>3. If court judgment, date obtained:</b>	
<b>4. Total Amount of Claim at Time Case Filed:</b> \$ <u>unliquidated</u> If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.		
<b>5. Secured Claim.</b>  <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff).  Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other All personal and intangible property of Debtor's Estate  Value of Collateral: \$ _____  Amount of arrearage and other charges at time case filed included in secured claim, if any \$ _____	<b>6. Unsecured Priority Claim.</b>  <input type="checkbox"/> Check this box if you have an unsecured priority claim Amount entitled to priority \$ _____ Specify the priority of the claim: <input type="checkbox"/> Wages, salaries, or commissions (up to \$4,300)* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3) <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Up to \$1,950* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6). <input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a-____). <small>*Amounts are subject to adjustment on 4/1/98 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</small>	
<b>7. Credits:</b> The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.	This Space is for Court Use Only	
<b>8. Supporting Documents:</b> Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.	Copies of Leases are attached	
<b>9. Date-Stamped Copy:</b> To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.	 001456	
Date  07/07/00	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any): <b>B-Y Edinburg Center, Ltd.</b>  By: <b>B-Y Family Property Management, LLC</b>	By: <b>Reuben Bar-Yadin, President</b> <small>Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.</small>

STAGE STORES INC.  
BEALLS ■ PALAIS ROYAL ■ STAGE

Mel Ward  
Senior Vice President  
Real Estate

Bealls Womens

January 19, 1999

VIA FAX: (956) 686-7420

L.M.B. Corp.  
Attn: Janis H. Martinez  
P.O. Box 593  
Mission, Texas 78752-0593

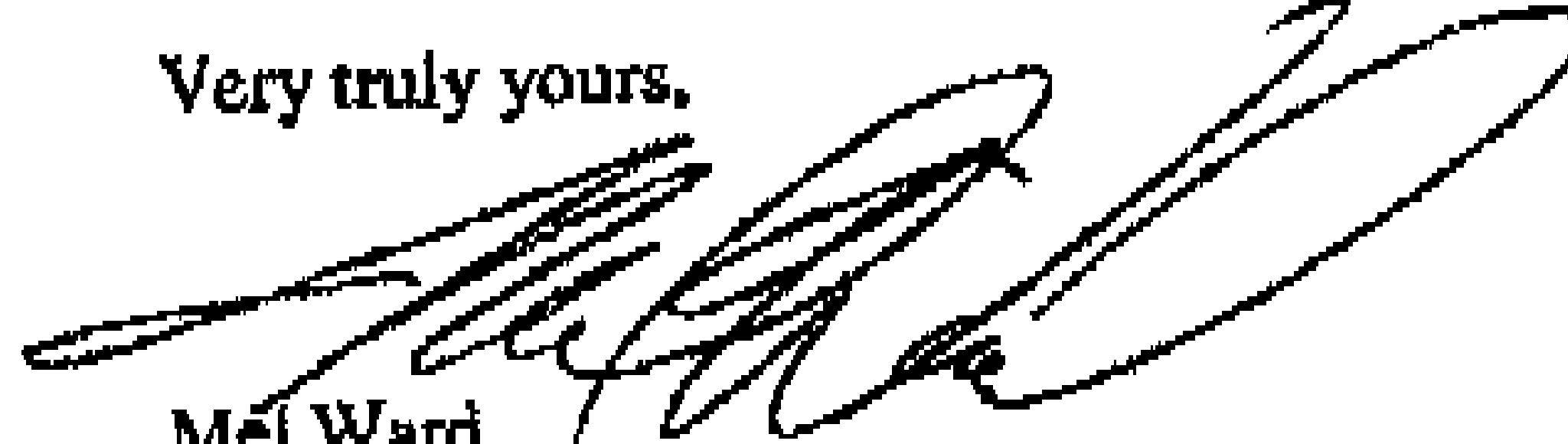
Re: The Lease dated May 30, 1972, as amended, modified and/or supplemented (the "Lease"), by and between LMB Partnership, Ltd., successor in interest to Lone Star Development Corp. ("Landlord") and Specialty Retailers, Inc., successor in interest to 3 Beall Brothers 3, Inc. ("Tenant") concerning the premises located in Edinberg, Texas presently operated as Bealls for Women (Store No. 073)

Dear Ms. Martinez:

The letter shall serve as notice that Tenant hereby exercises the five (5) year option commencing August 1, 1999 and expiring July 31, 2004, as provided in the Lease.

Please feel free to contact me with any questions you may have regarding this matter.

Very truly yours,

  
Mel Ward  
Sr. Vice President of Real Estate

MW/lad

10201 Main Street ■ Houston, Texas 77025 ■ Tel: 713 218 4401 ■ Fax: 713 218 4479

## PERCENTAGE RENT AGREEMENT

This Percentage Rent Agreement ("Agreement") made and entered into this 8th day of August, 1997, by and between LMB Partnership, Ltd., acting herein by and through Arrowhead Management, L.L.C., Managing General Partner, whose mailing address is P.O. Box 593, Mission, Texas, 78573-0593, and Specialty Retailer's Inc., a Texas corporation, whose mailing address is P.O. Box 35167, Houston, Texas 77235-5167.

WHEREAS, Lone Star Development Corporation, as landlord, and 3 Beall Brothers 3, Inc., as tenant, entered into a lease, as amended, effective as of May 30, 1972, on certain retail space in Las Palmas Shopping Center located in Edinburg, Hidalgo County, Texas ("1972 Lease"), which retail space is fully described in the 1972 Lease; and

WHEREAS Las Palmas Shopping Center, Inc., as landlord, and C.R. Anthony Co., as tenant, entered into a lease, as amended, effective August 7, 1973, on certain retail space in Las Palmas Shopping Center, located in Edinburg, Hidalgo County, Texas ("1973 Lease"), which retail space is fully described in the 1973 Lease; and

WHEREAS, LMB Partnership, Ltd. ("LMB") is the successor in interest to Lone Star Development Corporation, as landlord, under the 1972 Lease, and LMB is the successor in interest to Las Palmas Shopping Center, Inc., as landlord, under the 1973 Lease; and

WHEREAS, Specialty Retailer's, Inc. ("SRI") is the successor in interest of 3 Beall Brothers 3, Inc., as tenant, under the 1972 Lease, and SRI is the successor in interest to C.R. Anthony Co., under the 1973 Lease; and

WHEREAS, LMB and SRI now desire to provide an alternative percentage rent computation on the terms, and for the period, hereafter provided.

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, LMB and SRI agree as follows:

1. So long as SRI, or a parent, affiliate or subsidiary of SRI, is the tenant under both the 1972 Lease and the 1973 Lease, does not sublease, and operates all the leased space under both leases as a retail business solely for the use permitted under Section 1.6 of the 1973 Lease; or if the 1972 Lease and 1973 Lease are assigned to another person and/or entity, so long as such assignee remains the tenant under both leases, does not sublease, and operates all the leased space under both leases as a single retail business solely for the use permitted under Section 1.6 of the 1973 Lease; the parties hereto agree that in lieu of "contingent rental payments"

2-5  
a.

payable to LMB under the 1972 Lease, and in lieu of the "percentage rental" payable to LMB under the 1973 Lease, the percentage rent due to LMB under such leases shall be the greater of: (i) three percent (3%) of the combined "net retail sales" (as such term is defined in the 1972 Lease) less the sum of the Fixed Annual Rental (as defined in the 1973 Lease) and the annual rental (as defined in the 1972 Lease) from the leased premises described in the 1972 Lease and the 1973 Lease for the applicable lease year without regard to whether such net retail sales originated from the leased premises described in the 1972 Lease or the 1973 Lease; or (ii) \$25,000.00 (which amount represents a combined total for the two leases).

2. For purposes of this Agreement, the lease year used in the computation of percentage rent shall be September through August, beginning September 1, 1997.
3. For purposes of this Agreement, "net retail sales" shall have the meaning ascribed to such term in the 1972 Lease, and, except as provided in Paragraphs 1 and 2 of this Agreement, during the terms of this Agreement, the reporting of "net retail sales," as well as all other rights and obligations of the parties with respect to the terms and conditions in the 1972 Lease and in the 1973 Lease applicable to "contingent rental payments" and "percentage rental", shall be determined and interpreted by reference to the 1972 Lease.
4. This Agreement shall terminate:
  - (i) if either the 1972 Lease or the 1973 Lease is terminated; or
  - (ii) if the conditions set forth in Paragraph 1 of this Agreement with respect to a single tenant under the 1972 Lease and the 1973 Lease are no longer applicable.
- Following termination, the percentage rent for the retail space involved in each lease shall again be computed under each applicable lease, as amended through August 8, 1997, or as thereafter amended.
5. The effective date of this Agreement is September 1, 1997.
6. All other terms and conditions of the 1972 Lease and the 1973 Lease, as amended, remain unchanged by this Agreement.

Executed as of the date and year first written above.

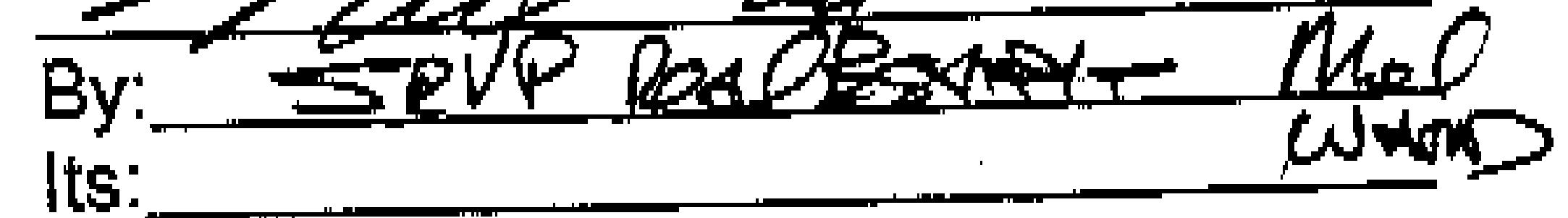
LMB PARTNERSHIP, LTD.

By: Arrowhead Management, L.L.C.,  
Managing General Partner



By: Donald L. Bentsen  
Its: Executive Manager

SPECIALTY RETAILER'S INC.



By: SPRV Pres/Exco - Mel Wilson  
Its:

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Sealito Vazquez

### AMENDMENT NUMBER 3

This Amendment Number 3 is made and entered into this 8th day of August, 1997, by and between LMB Partnership, Ltd. acting by and through Arrowhead Management, L.L.C., Managing General Partner, whose mailing address is P.O. Box 593, Mission, Texas, 78573-0593 and Specialty Retailer's, Inc., a Texas corporation, whose mailing address is P.O. Box 35167, Houston, Texas 77235-5167.

WHEREAS, Lone Star Development Corporation, as landlord, and 3 Beall Brothers Inc., as Tenant, entered into a lease, as amended, effective as of May 30, 1972, on certain retail space in Las Palmas Shopping Center located in Edinburg, Hidalgo County, Texas ("1972 Lease"), which retail space is fully described in the 1972 Lease; and

WHEREAS, LMB Partnership, Ltd. ("LMB") is the successor in interest to Lone Star Development Corporation, as landlord, under the 1972 Lease; and

WHEREAS, Specialty Retailer's, Inc. ("SRI") is the successor in interest of 3 Beall Brothers 3, Inc., as tenant, under the 1972 Lease; and

WHEREAS, LMB and SRI now desire to amend the 1972 Lease in several respects as hereinafter provided.

NOW THEREFORE, for good valuable consideration, the receipt of which is hereby acknowledged, LMB and SRI agree as follows:

1. The first Paragraph on page 1-A of the 1972 Lease is deleted in its entirety, and the following substituted therefor:

In addition to the annual rental payments provided for in this lease, or any option hereto, if exercised, Tenant agrees to pay Landlord the following contingent rental payments based upon Tenant's net retail sales in the herein demised premises:

During the term of this lease, or any option hereto, if exercised, an amount for each lease year equivalent to three percent (3.0%) of the net retail sales for each such lease year less \$28,957.50.

2. In addition to the rights granted to Tenant under the OPTION TO RENEW paragraph, as amended, appearing on Page III of the lease, Tenant is hereby granted one additional five (5) year option for the period August 1, 2004, through July 31, 2009, for a consideration of Twenty-Eight Thousand Nine Hundred Fifty-Seven and 50/100THS Dollars (\$28,957.50) per annum, payable in monthly installments of Two Thousand Four Hundred Thirteen and 13/100THS Dollars (\$2,413.13), in advance on the first day of each month during the continuation of the term of such option, if exercised, and subject

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S R I

SPECIALTY RETAILERS INC.

EXECUTIVE OFFICES  
P.O. BOX 35167-HOUSTON TX 77235

Via Registered Mail  
Return Receipt Requested

OCTOBER 12, 1993

E.M.B. Corporation  
P.O. Box 593  
Mission, Texas 78572

Re: Bealls #73, University Plaza, Edinburg, Texas  
Exercising of Option to Extend

Gentlemen:

In accordance with the lease agreement dated May 30, 1977 regarding the above stated location, I let this letter serve as my Beall Brothers' notice of intent and desire to exercise option to extend the term of the lease agreement for an additional five-year period commencing on the first day of August, 1994 and expiring on the first day of July, 1999. As provided in the lease agreement, all terms and conditions of said lease will remain the same.

Please acknowledge your confirmation of the above by signing below and returning it to my attention.

Sincerely,

*Kent Williams*

Kent Williams  
Property Administrator

Agreed to and accepted

*Mr. Glance*  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

BEALLS/PALAIS ROYAL

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L. M. B. Corporation  
Box 584  
Mission, Texas 78572

August 19, 1987

Ms. Carolyn S. Posey  
Property Administrator  
3 Beall Brothers Inc.  
P. O. Drawer 511  
Jacksonville, Texas 75766

Re: Beall's No. 73, University Plaza, Edinburg, Tx.

Dear Ms. Posey:

In connection with the Agreement Setting Lease Term, we are enclosing one fully executed copy for your files.

If there is anything further you might need, please let us know.

Very truly yours,

L. M. B. CORPORATION

*Evelyn M. Smith*

Evelyn M. Smith  
Secretary to Leon Bence

Enclosure

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AGREEMENT SETTING LEASE TERM

THIS AGREEMENT, made this the 17th day of August, 1987, by and between L.M.B. CORPORATION, hereinafter referred to as Landlord, and 3 BEALL BROTHERS 3, INC., hereinafter referred to as Tenant.

WITNESSETH:

WHEREAS, under the terms of a Lease Agreement, dated the 30th day of May, 1972, Tenant leased from Landlord certain premises located in the Las Palmas Shopping Center, thereafter name changed to University Plaza, City of Edinburg, Hidalgo County, Texas, covering an area of approximately 14,850 square feet.

WHEREAS, said Lease Agreement, by its provisions, established the length of the Lease Term but did not show the actual commencement and termination dates, as such dates could not at that time be determined;

NOW, THEREFORE, Landlord and Tenant agree that the term of said Lease commenced on the 25th day of July, 1974, and shall terminate on the 31st day of July, 1994, unless otherwise terminated or extended as provided for in said lease.

IN WITNESS WHEREOF, the parties have hereto set their hands the day and year shown above.

LANDLORDS:

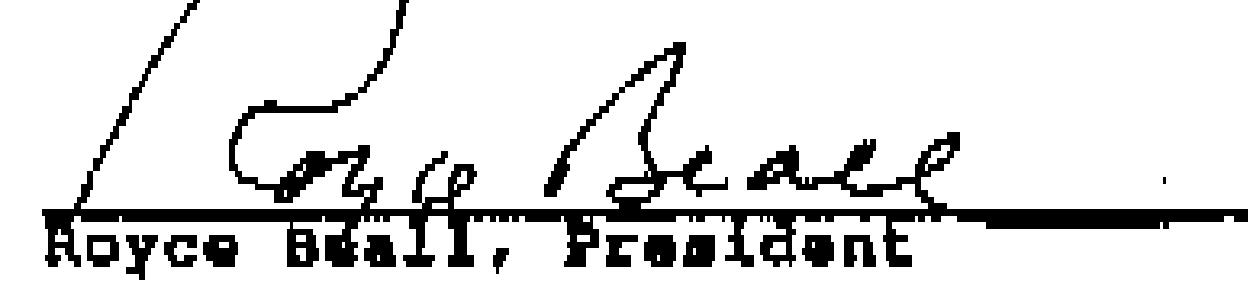
L. M. B. CORPORATION,  
a Texas corporation



Lloyd M. Beall, President

TENANT:

3 BEALL BROTHERS 3, INC.  
a Texas corporation



Royce Beall, President

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(Copy)

AMENDMENT NO. 2 TO LEASE

THIS AMENDMENT TO LEASE, entered into this 26th day of July, 1974, by and between LAS PALMAS SHOPPING CENTER, INC., hereinafter referred to as Landlord, and 3 BEALL BROTHERS 3, INC., hereinafter referred to as Tenant.

W I T N E S S E T H

Whereas, by Lease Agreement dated May 30, 1972, Lone Star Development Corporation leased to 3 BEALL BROTHERS 3, INC., a certain storeroom located at the northwest corner of E. University Drive and 16th Street, in the City of Edinburg, County of Hidalgo, State of Texas, as more particularly described therein, and the parties now desire to amend said lease agreement, and

Whereas, Landlord herein represents and warrants that it has succeeded to all the right, title and interest of Lone Star Development Corporation, and has assumed its obligations as Landlord thereunder, and

Whereas, said Lease Agreement has been amended by Amendment To Lease dated March 13, 1974, and

Now, therefore in consideration of the mutual terms, covenants and conditions contained herein, the parties hereto contract and agree as follows:

1. On Page I of the aforementioned lease agreement the third paragraph is hereby deleted and the following substituted therefor:

"TO HAVE AND TO HOLD the said premises, together with all singular the improvements, appurtenances, rights, privileges and easements thereunto belonging to or in anywise appertaining unto said Tenant for a term of twenty (20) years commencing on the day Tenant's store in the leased premises opens for business."

2. On Page 1-A of the aforementioned lease agreement the following is hereby added to the second from last paragraph:

"other than to the mortgagee, Jefferson Standard Life Insurance Co., its successors or assigns."

3. On Page III of the aforementioned lease agreement in paragraph "OPTION TO RENEW" the lines three thru six are hereby deleted and the following substituted therefor:

"five years and for a consideration of Twenty Eight Thousand Nine Hundred Fifty Seven & 50/100 Dollars (\$28,957.50) per annum, payable in sums of Two Thousand Four Hundred Thirteen & 13/100 Dollars (\$2,413.13) per month, monthly in advance on the first day of each month during"

4. On Page III-B add to Paragraph "SUBORDINATION" as follows:

"It is hereby agreed that this lease will be superior to the mortgage of Jefferson Standard Life Insurance Co."

5. On Page III-C add to Paragraph "DEFAULT BY LANDLORD" as follows:

"Landlord is to assign this lease to Jefferson Standard Life Insurance Co., mortgagee, and to afford the mortgagee an opportunity to make performance for, and on behalf of the Landlord, Tenant shall give written notice in the manner set forth herein to Jefferson Standard Life Insurance Co., P. O. Box 21008, Greensboro, North Carolina, 27420, simultaneously with the giving of any written notice to Landlord required herein to be given by Tenant to Landlord."

2-5  
/3

6. Exhibit A of the aforementioned lease is hereby deleted  
and the following Exhibit A is substituted therefor:  
"situated in the City of Edinburg, County of Hidalgo, State of Texas,  
the property is described as:

All of  
Lots 4 through 21, Block 234, Original Townsite  
Lots 1 through 24, Block 235, Original Townsite  
Lots 1 through 24, Block 236, Original Townsite  
Lots 13 through 24, Block 237, Original Townsite

7. The aforementioned lease agreement dated May 30, 1972  
is amended by this present instrument in no other manner or respect  
than set forth herein.

In witness whereof, the parties hereto have agreed to the  
above and foregoing in its entirety as of the day and year first above  
written and have executed this instrument on the day and year set forth  
in the acknowledgements below.

LAS PALMAS SHOPPING CENTER, INC.

ATTEST:

Leon Bence  
Leon Bence, Secretary

Todd Corry  
Todd Corry, President

"LANDLORD"

3 BEALL BROTHERS 3, INC.

ATTEST:

E.W. Shank, Secretary

R.G. Beall, President

"TENANT"

STATE OF TEXAS  
COUNTY OF HIDALGO

Before me, the undersigned Notary Public within and for said Co  
and State, on this 27 day of May, 1974 personally appeared TODD C  
to me known to be the identical person who subscribed the name of LAS  
PALMAS SHOPPING CENTER, INC.. the maker thereof, to the foregoing inst  
as its President, and duly acknowledged to me that he executed the sam  
his free and voluntary act and deed, and as the free and voluntary act  
deed of such corporation, for the uses and purposes therein set forth.  
Witness my hand and seal the day and year last above written.

My Commission Expires:

4-1-75

HeLEN BOWERS  
Notary Public

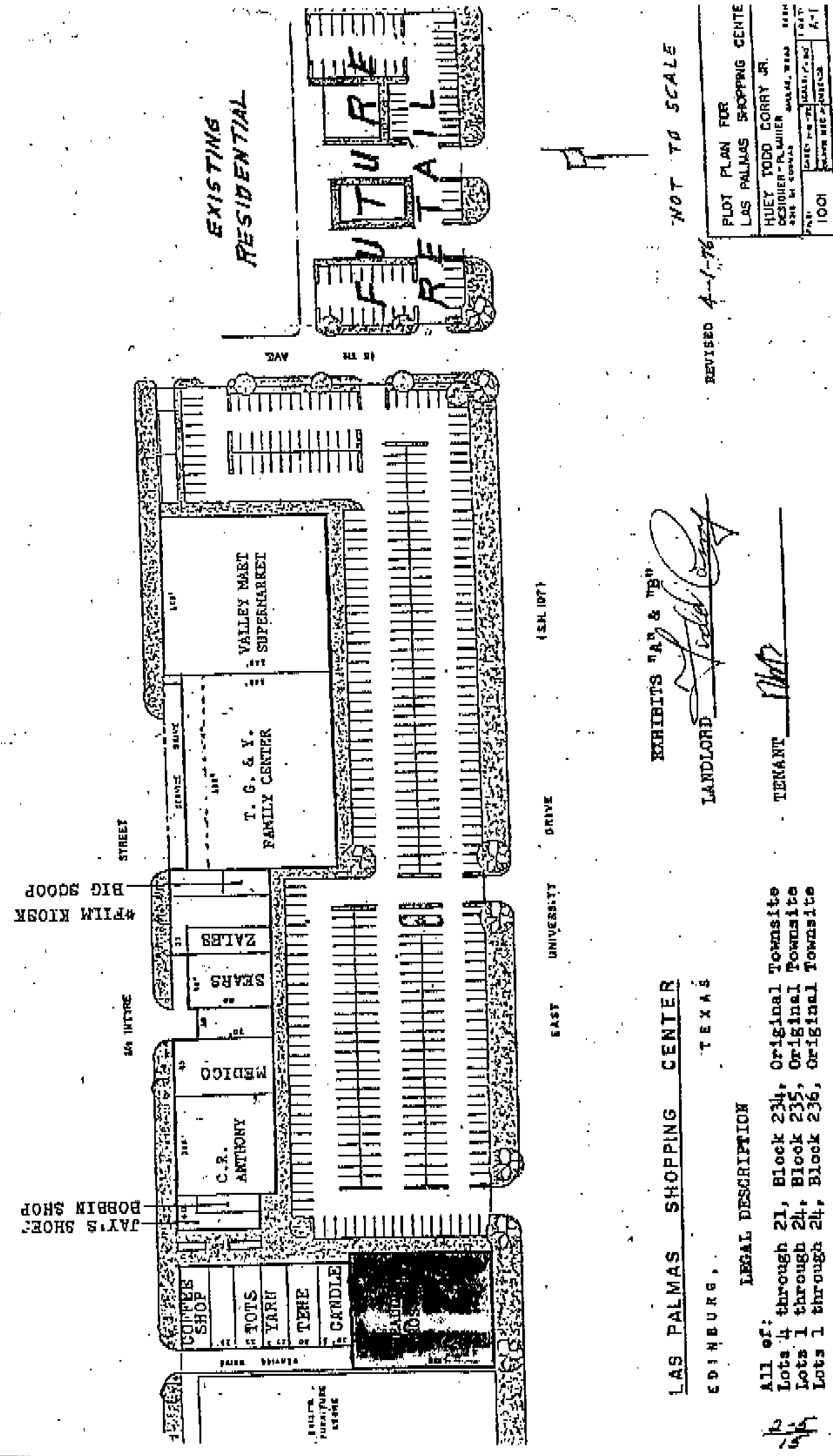
HELEN BOWERS  
NOTARY PUBLIC  
HIDALGO COUNTY, TEXAS

STATE OF TEXAS  
COUNTY OF CHEROKEE

Before me, the undersigned Notary Public within and for said  
and State, on this day of, 1974 personally appeared R.G.  
to me known to be the identical person who subscribed the name of 3  
BROTHERS 3, INC.. the maker thereof, to the foregoing instrument as  
President, and duly acknowledged to me that he executed the same as  
free and voluntary act and deed, and as the free and voluntary act a  
deed of such corporation, for the uses and purposes therein set fort  
Witness my hand and seal the day and year last above written.

My Commission Expires:

Notary Public



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# LAS PALMAS SHOPPING CENTER

# INTRODUCTION

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AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE, entered into this 13<sup>th</sup> day of March, 1974, by and between LAS PALMAS SHOPPING CENTER, INC., hereinafter referred to as Landlord, and 3 BEALL BROTHERS 3, INC., hereinafter referred to as Tenant,

W I T N E S S E T H :

Whereas, by Lease Agreement dated May 30, 1972, Lone Star Development Corporation leased to 3 BEALL BROTHERS 3, INC., a certain storeroom located at the northwest corner of University Drive and 16th Street, in the City of Edinburg, County of Hidalgo, State of Texas, as more particularly described therein, and the parties now desire to amend said lease agreement, and

Whereas, Landlord herein represents and warrants that it has succeeded to all the right, title and interest of Lone Star Development Corporation, and has assumed its obligations as Landlord thereunder, and

Now, therefore, in consideration of the mutual terms, covenants and conditions contained herein, the parties hereto contract and agree as follows:

1. The date of March 1, 1974 set out in the fourth line of "Failure to deliver Premises" on page 1 of the aforementioned lease agreement is hereby deleted and the date of "September 1, 1974" is substituted therefor.

2. The last paragraph on Page 1 and the first paragraph on Page 1-A of the aforementioned lease agreement are hereby deleted and the following paragraphs are substituted therefor:

"RENTAL. In consideration of leasing of the demised premises aforesaid by said Landlord, Tenant covenants, stipulates and agrees to pay to Landlord as rental for said demised premises hereinabove described, the sum of \$28,957.50 per annum, payable in sums of \$2413.13 per month, monthly in advance on the first day of each month during the continuance of the term of this lease. Until it receives other instructions in writing from Landlord, Tenant shall pay such rent by check, payable to the order of, and addressed to LAS PALMAS SHOPPING CENTER, INC., P. O. Box 593, Mission, Texas 78572.

In addition to the annual rental payments provided for in this lease, or any option hereto, if exercised, Tenant agrees to pay Landlord the following contingent rental payments based upon Tenant's net retail sales in the herein demised premises.

During the term of this lease, or any option hereto, if exercised, an amount for each lease year equivalent to two and one-half (2½) percent of the net retail sales for each such lease year less \$28,957.50 previously paid."

3. The aforementioned lease agreement dated May 30, 1972, is amended by this present instrument in no other manner or respect than as set forth herein.

IN WITNESS WHEREOF, the parties hereto have agreed to the above and foregoing in its entirety as of the day and year first above written and have executed this instrument on the day and year set forth in the acknowledgments below.

ATTEST:

  
Leon Bence, Secretary

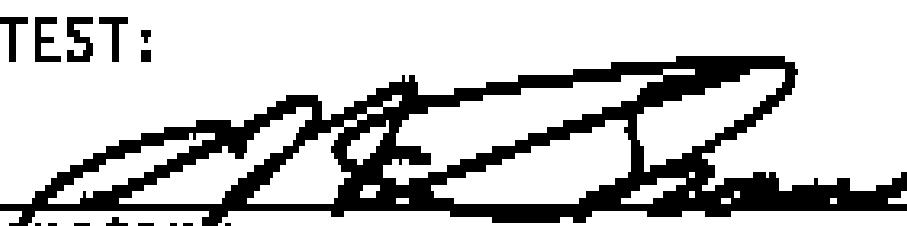
LAS PALMAS SHOPPING CENTER, INC.

BY

  
Todd Corry, President

"LANDLORD"

ATTEST:

  
Secretary

3 BEALL BROTHERS 3, INC.

By

  
J.W. Beale, President

"TENANT"

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(LANDLORD)

STATE OF TEXAS

COUNTY OF HIDALGO

ss.

Before me, the undersigned Notary Public within and for said County and State, on this 13th day of March, 1974, personally appeared TODD CORRY, to me known to be the identical person who subscribed the name of LAS PALMAS SHOPPING CENTER, INC., the maker thereof, to the foregoing instrument as its President, and duly acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Witness my hand and seal the day and year last above written.

My Commission Expires:

6-1-75

Helen Norman  
Notary Public

HELEN NORMAN  
NOTARY PUBLIC IN AND FOR  
HIDALGO COUNTY, TEXAS

(TENANT)

STATE OF Texas

COUNTY OF Cherokee

Before me, the undersigned Notary Public within and for said County and State, on this 18th day of March, 1974, personally appeared R. B. Beale, to me known to be the identical person who subscribed the name of 3 Bear Brothers, the maker thereof, to the foregoing instrument as its President, and duly acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Witness my hand and seal the day and year last above written.

My Commission Expires:

June 1, 1975

Evelyn Clark  
Notary Public

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ASSIGNMENT OF LEASES

*Original in Hidalgo*

STATE OF TEXAS  
COUNTY OF HIDALGO

KNOW ALL MEN BY THESE PRESENTS:

THAT, TODD CORRY, for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration to me in hand paid, the receipt and sufficiency of which is hereby acknowledged, hereby transfers, assigns and sets over unto LAS PALMAS SHOPPING CENTER, INC., of Edinburg, Texas, all of my right, title and interest in and to all leases for retail premises to be constructed in a shopping center presently known as the Las Palmas Shopping Center in Edinburg, Hidalgo County, Texas, and such leases being more particularly described in the schedule attached hereto as Exhibit "A" and incorporated for all purposes hereof.

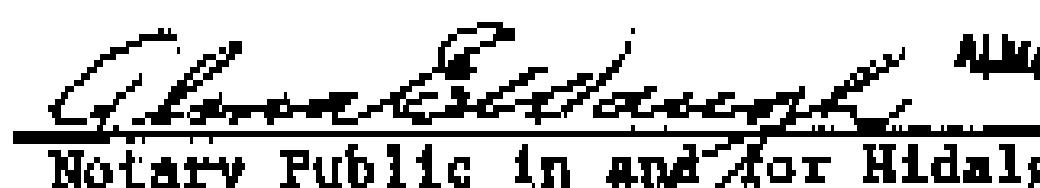
EXECUTED this 14th day of March, 1973.

  
\_\_\_\_\_  
Todd Corry

THE STATE OF TEXAS  
COUNTY OF HIDALGO

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared TODD CORRY known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 14th day of March, A. D. 1973.

  
\_\_\_\_\_  
Clara Edelsohn, *Alma L. Munoz*  
Notary Public in and for Hidalgo  
County, Texas

*2-5*  
*17*

EXHIBIT "A"

1. Lease dated May 30, 1972, by and between Lone Star Development Corporation, as Lessor, and 3 Bull Brothers 3, Inc., as Lessee, said lease being attached to that certain contract between Assignor and Assignee herein dated February 5, 1973, and being marked as Exhibit "H".
2. That certain lease dated August 15, 1972, by and between Lone Star Development Corporation, as Lessor, and TG&Y Stores Company, as Lessee, said lease being attached to that certain contract between Assignor and Assignee herein dated February 5, 1973, and being marked as Exhibit "I".
3. That certain lease dated March 15, 1972, by and between Lone Star Development Corporation, as Lessor, and Coit International, as Lessee, said lease being attached to that certain contract between Assignor and Assignee herein dated February 5, 1973, and being marked as Exhibit "J".

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STATE OF TEXAS  
COUNTY OF HIDALGO

ASSIGNMENT OF LEASES

KNOW ALL MEN BY THESE PRESENTS:

THAT, LONE STAR DEVELOPMENT CORPORATION, a Texas corporation, for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration to it in hand paid, the receipt and sufficiency of which is hereby acknowledged, hereby transfers, assigns, and sets over unto TODD CORRY of Dallas, Texas, all of the right, title and interest of said corporation in and to all leases for retail premises to be constructed in a shopping center presently known as the Las Palmas Shopping Center in Edinburg, Hidalgo County, Texas, and such leases being more particularly described in the schedule attached hereto as Exhibit "A" and incorporated for all purposes hereof.

EXECUTED this 5th day of March, 1973.

ATTEST:

LONE STAR DEVELOPMENT CORPORATION

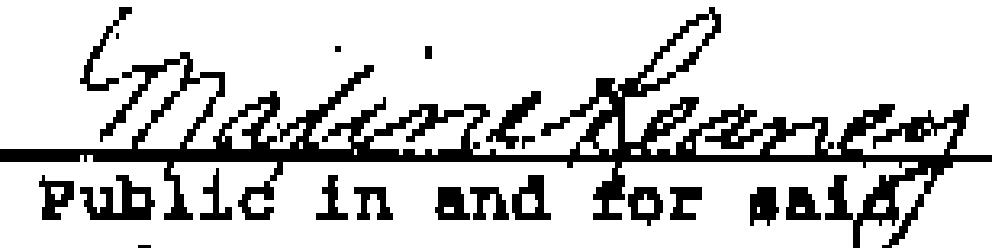
By   
Alan M. Howard, Secretary

By   
Robert C. Hoppe, President

STATE OF TEXAS  
COUNTY OF DALLAS

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared ROBERT C. HOPPE, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said LONE STAR DEVELOPMENT CORPORATION, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of March, 1973.

  
Notary Public in and for said  
County and State

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EXHIBIT "A"

1. Lease dated May 30, 1972, by and between Lone Star Development Corporation, as Lessor, and 3 Beall Brothers, Inc., as Lessee, said lease being attached to that certain contract between Assignor and Assignee herein dated February 5, 1973, and being marked as Exhibit "H".
2. That certain lease dated August 15, 1972, by and between Lone Star Development Corporation, as Lessor, and TG&Y Stores Company, as Lessee, said lease being attached to that certain contract between Assignor and Assignee herein dated February 5, 1973, and being marked as Exhibit "I".
3. That certain lease dated March 16, 1972, by and between Lone Star Development Corporation, as Lessor, and Coit International, as Lessee, said lease being attached to that certain contract between Assignor and Assignee herein dated February 5, 1973, and being marked as Exhibit "J".

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**COPY**

This lease, made and entered into this 30th day of May, 1972  
by and between

Lone Star Development Corporation, a Texas Corporation

of the City of Dallas County of Dallas  
State of Texas, hereinafter called "Landlord", and 3 DEALL BROTHERS  
3, INC., a Corporation existing under the laws of the State of Texas, with principal offices  
at Jacksonville, Texas, hereinafter called "Tenant", WITNESSETH:

That Landlord does hereby demise and lease unto Tenant the premises situated in the city  
of Edinburg County of Hidalgo State of Texas  
known and described as follows, to wit: A retail store building 135' X 110' contain-  
ing 14,850 square feet, which the Landlord agrees to construct at Landlord's  
cost in the Las Palmas Shopping Center at the location as shown on plot plan  
marked Exhibit B, on land shown on Exhibit A. Landlord to incorporate Tenant  
typical Plans and Specifications into the master plans & specifications for the  
entire shopping center of which the leased premises are part, and such master  
plans and specifications are subject to approval by Tenant. Said typical plan  
and specifications are marked Exhibit "C" and "D".  
TO HAVE AND TO HOLD the said premises, together with all and singular the improvements,  
appurtenances, rights, privileges and easements thereto belonging to or in anywise ap-  
pertaining unto said Tenant from the 1st day of June 1973 to and  
including the 31st day of May, 1993, a term of 20 years.

COVENANT OF TITLE. Landlord covenants and warrants that Landlord has full right and  
lawful authority to enter into the lease for the full term aforesaid, and for all extensions  
herein provided, and that Landlord is lawfully seized of the entire premises hereby demised,  
and has good title thereto, ~~free and clear of all tenancies, liens and encumbrances, except~~  
Initial  
harm

DELIVERY OF PREMISES. Landlord covenants that actual possession of the demised premises  
shall be delivered to Tenant on the date specified for the commencement of the term hereof,  
free and clear of all tenancies, and with the improvements now thereon in as good condition  
as at present, together with the alterations and improvements, if any, to be made by Land-  
lord; provided, however, that if the demised premises shall be vacant and ready for Tenant's  
occupancy prior to the date herein provided for the commencement of the term, Tenant shall be  
given possession for the purpose of installing fixtures and preparing the premises for Tenant's  
occupancy as soon as possible after signing of this lease, without any rental being charged  
~~for such occupancy prior to the beginning of the term beyond the first thirty (30) days~~  
~~of such occupancy.~~

FAILURE TO DELIVER PREMISES. Upon failure of the Landlord to deliver said premises at  
the time and in the condition provided in the paragraph captioned "Delivery of Premises",  
no rent shall be paid or accrue hereunder until the demised premises are delivered to and  
accepted by Tenant. If premises are not delivered prior to November 1, 1972, Tenant  
at its option, may terminate this lease.

RENTAL. In consideration of the demise and leasing of the premises aforesaid by said  
Landlord, Tenant covenants, stipulates and agrees to pay to Landlord as rental for said  
demised premises hereinabove described, the sum of \$25,987.50  
Dollars per annum, payable in sums of \$2,165.63 Dollars  
per month, monthly in advance on the first day of each month during the continuance of the  
term of this lease. Until it receives other instructions in writing from Landlord, Tenant  
shall pay such rent by check, payable to the order of, and addressed to Lone Star  
Development Corporation, 1810 Republic National Bank Building, Dallas, Texas.  
75201

PAGE I.

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In addition to the annual rental payments provided for in this lease, or any option hereto, if exercised, Tenant agrees to pay Landlord the following contingent rental payments based upon Tenant's net retail sales in the herein demised premises.

During the term of this lease, or any option hereto, if exercised, an amount for each lease year equivalent to three percent ( $\frac{3}{4}\%$ ) of the net retail sales for each such lease year less (\$25,987.50) previously paid.

Any sums which shall become payable pursuant to the foregoing provisions shall be paid within one month following the termination of the lease year on the net retail sales of which said additional payment is based.

For the purpose of interpreting this clause, the "Lease Year" referred to herein shall be considered to commence on the \_\_\_\_\_ day of \_\_\_\_\_, and to expire on the \_\_\_\_\_ day of \_\_\_\_\_ each year.

At the time of the payment of the contingent rental, Tenant agrees to furnish to Landlord a statement, verified by one of the officers of Tenant's company, specifying the annual net retail sales made by Tenant upon the demised premises.

By giving notice within ninety (90) days after the end of the lease year, Landlord, or its lawful agent, shall have the privilege of auditing Tenant's record of sales for the purpose of verification. If Landlord elects to avail itself of such privilege, it shall be given thirty (30) days from date of notice in which to make such audit. Unless such notice is given and such audit is made within the time specified, it shall be construed that Landlord accepts the settlement made by Tenant as final.

The term "net retail sales" as used in this lease shall be interpreted to mean the aggregate of all moneys received by Tenant from sale of goods, wares, merchandise and services to the public made upon the demised premises, after deductions of all refunds and allowances made to customers by Tenant in connection with merchandise sold by or returned to Tenant, but shall not include the amount of any sales tax, license or occupational tax, or any other tax measured by the sales or receipts for sales made by Tenant and sales to employees at regular employee discounts. If, after a credit sale has been included in gross sales, it is written off as a bad debt, the unpaid amount of the said credit sale may be deducted from any statement of gross sales made after the said unpaid amount is written off as a bad debt but shall be included again in later statements if later collected.

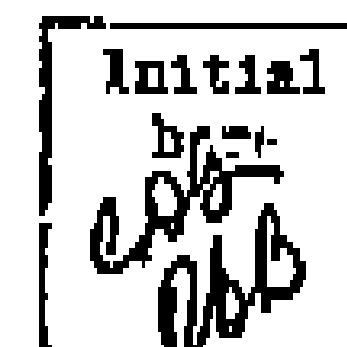
It is understood and agreed that Tenant may lease departments or grant concessions giving other persons, firms or corporations the right to sell goods, wares, merchandise and services in the demised premises, upon the condition; however, that the net retail sales made by any concessionaire or department lessee shall be included for the purpose of determining the rental payable by Tenant hereunder, and on the same basis as if such sales had been made by Tenant. The leasing of departments or the granting of concessions as aforesaid shall not be construed as a sub-leasing under the terms of this lease.

In the event adjoining space is rented and combined with this area the reporting of sales for contingent rental payments shall be on a prorated basis of square feet in each area to the then combined total area.

It is understood and agreed by Landlord that there has been no representation of any kind whatsoever made by Tenant as to minimum or maximum amount of net retail sales which may or shall be made in said demised premises during any lease year of the term of this lease, or any renewal hereof.

Landlord agrees not to divulge to any person or persons, firm or corporation, the amount of retail sales made by Tenant in said leased premises.

Until it receives other instructions in writing from Landlord, Tenant shall pay all rentals under this lease by check payable to the order of Lone Star Development Corp. and addressed to: 1810 Republic National Bank Building, Dallas, Texas 75201.



~~LEASE OF PREMISES.~~ ~~Landlord should offer~~ ~~the herein demised~~  
~~premises or any interest there~~ ~~covenant shall have the right~~ ~~buying it at the highest~~  
~~bona fide offer received by Landlord, and shall have ten (10) days from date of Landlord's~~  
~~notice in which to exercise such option.~~

LANDLORD AND TENANT FURTHER STIPULATE, COVENANT AND AGREE AS FOLLOWS:

USE OF PREMISES. That the premises hereby demised shall not be used for any unlawful purpose during the term of this lease.

SUB-LETTING AND ASSIGNING. Lessee may assign this lease or sublet all or any part of the demised premises subject to the terms of this lease, and the restrictions as to the usage of the premises; provided, however, Lessee shall remain liable to Lessor for the full performance of this lease for its full term, including payment of rentals, under any such assignment or sublease; and provided further, Lessor shall be given at least thirty (30) days notice of Lessee's intention to assign or sublease, and Lessor may at its option, within such 30 day period after receipt of such notice, terminate this lease. That the use of the demised premises for the purpose hereinabove stated by a subsidiary or affiliated company of Tenant shall not be considered as sub-letting or assigning, but 3 BEALL BROTHERS INC., shall remain liable and responsible under this lease. No part of said premises will be occupied by any business or for any purpose in direct competition with an ant within the center in which the leased premises are located.  
~~CONTINUED POSSESSION OF TENANT.~~ That if Tenant continues to occupy the premises after the last day of any renewal or extension of the term hereof, or after the last day of the term hereof, if this lease is not renewed or extended, and Landlord elects to accept rent hereafter, a monthly tenancy terminable by either party on one (1) month's notice shall be created, which shall be upon the same terms and conditions, including rental, as those herein specified.

FIXTURES. That Tenant, on termination of this lease, or any time during the continuance thereof, remove from said premises all shelving, counters, tables, show cases, light fixtures, heating or cooling units, and other equipment which Tenant may have installed at its own expense in said premises or otherwise acquired.

UTILITIES. That all charges for water, gas and electricity consumed or used on the demised premises shall be paid by Tenant, but it shall be the responsibility of Landlord to maintain the service of such utilities to the building to be maintained.

~~SIGNS AND AWNINGS.~~ That Tenant shall have the right to affix signs and awnings to said building, such signs and awnings to be of such size and character as Tenant may determine, provided the city ordinance is not violated in so doing.

~~REPAIRS.~~ That Landlord shall be responsible for and shall at their expense keep and maintain the foundations, flooring, walls, ceiling, canopy, roof and plate glass show windows in and connected to such building in a structurally sound condition, rightly in appearance and in good order and repair. Landlord shall not be liable for damages caused by Leesee until after having been notified of such damage and given a reasonable time to repair same.

~~MALL SALES.~~ Landlord agrees that no portion of any of the mall within 50 feet of Tenant's demised premises will be used for sales purposes nor will any other portion of the enclosed air conditioned mall be used for sales purposes without Tenant's prior written approval, which Tenant agrees will not be unreasonably withheld.

~~BETTERMENTS AND IMPROVEMENTS.~~ That Landlord shall at its expense and prior to the commencement date of this lease make alterations, betterments and improvements to the herein demised premises as follows:

USE OF PREMISES. The premises hereby demised shall not be used for any unlawful purpose during the term of this lease, or for any other purpose than or the sale of merchandise, goods, wares, and services as Lessor presently conducts in other retail establishments that it operates primarily as a Junior Department Store.

SURRENDER OF PREMISES. Upon surrender of said premises Lessee shall at its expense, broom clean said premises and leave said premises in good condition and repair, reasonable wear and tear accepted. The Lessee shall repair and restore and save the Lessor harmless from, all damages to the premises caused by the removal of any removable fixtures or any equipment installed by the lessee.

INSURANCE. That Landlord shall keep the building, of which the demised premises are a part or the whole, insured against loss or damage by fire to the extent of 80% (Eighty Percent) of the full insurable value thereof, including all improvements, alterations, and additions, and hereby waives all rights of recovery from the Tenant arising from loss or damage by fire to the building.

DAMAGE CLAUSE. That if the demised premises, together with any improvements thereto, be damaged by fire or other casualty, they shall promptly be repaired by Landlord, and an abatement shall be made from the rent corresponding with the time during which it may be used by the Tenant. If the demised building is destroyed by fire or other casualty, rendering said premises wholly untenable, the rent payable by Tenant shall abate until such time as the hereby demised building is restored to a wholly tenantable condition. In the event of total destruction of said premises, Landlord shall rebuild the same, including any improvements or betterments made by Landlord or Tenant, upon the same plan as immediately before such damage or destruction occurred, within twelve months working days after the date of such destruction, and Tenant shall pay no rent hereunder until said new building is completed and ready for occupancy by Tenant. Should such destruction occur within the last three (3) years of the base term of the lease, or any extension thereof, Landlord shall not be required to rebuild unless Tenant shall within thirty (30) days of such destruction extend its remaining lease term to eight (8) years.

TAX CLAUSE. That Landlord agrees to pay, as and when the same becomes due and payable, all taxes, general and specific, assessed against the real estate hereinabove described. In the event of failure of Landlord to pay any such assessment, then Tenant may pay same and deduct the amount hereof from the rent, interest accruing at the rate of Eight Percent (8%) per annum.

ALTERATIONS. That Tenant shall obtain written approval of Landlord to make such alterations, repairs, improvements, and additions to the herein demised premises as in its opinion are advantageous to the proper conduct of its business. Tenant shall have the right to salvage resulting from any changes or alterations provided for herein. Any improvements, alterations, and additions made on or to the building by Tenant shall immediately become the property of Landlord and shall be considered as a part of the herein demised premises. Subject to the rights of adjoining owners, Tenant may remove any party or other wall between the demised premises and any adjoining premises, provided, however, that Tenant shall at the expiration of this lease, at Tenant's own expense, on written request from Landlord made on or before sixty (60) days before the termination of the term thereof, replace any wall so removed to as nearly as practicable the condition it was in before such removal. Tenant shall also have the right to build an extension or addition covering any property owned by Landlord in rear of building covered by this lease.

OPTION TO RENEW. That Tenant, at its option, shall be entitled to the privilege of two renewal(s) of this lease, said renewal(s) to be for a period of five year(s) and for a consideration of Twenty Five Thousand Nine Hundred Eighty Seven & 50/100 Dollars (\$25,987.50) per annum, payable in sums of Two Thousand One Hundred Sixty Five & 63/100 Dollars (\$2,165.63) per month, monthly in advance on the first day of each month during the continuance of the term of this option, if exercised, and subject to all the terms and conditions herein expressed. Tenant, by continuing to occupy the demised premises after the expiration of the original term of its tenancy hereunder, or after the expiration of any renewal period thereof, except the last of such periods, shall be deemed and considered to have elected to renew itself of its then current right to renew this lease, unless it shall have given written notice of a contrary intention at least ninety (90) days before the expiration of the current term, but it shall not be obliged to give any notice of its election to renew the lease. By such continued occupancy alone and without any further contracts or agreements, this lease shall be renewed and the leased premises shall be deemed and considered to have been again demised by Landlord to Tenant for the term of the current renewal, privilege, beginning upon the day following the date of the expiration of the Tenant's immediately preceding tenancy, subject to all the terms and conditions herein expressed. Tenant may exercise said options by giving Landlord written notice at least ninety (90) days prior to the expiration of the current term.

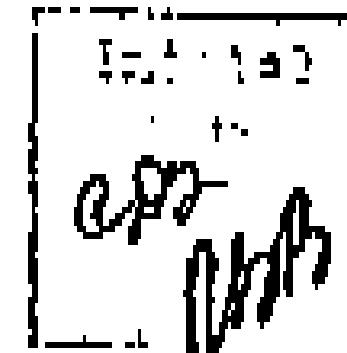
SIGNS. The Tenant may place and maintain in and about the leased property such lawful and appropriate signs advertising its business as it shall desire, with the approval of the Landlord, said approval shall not be unreasonably withheld. All signs placed in, on, or about said leased premises and shopping center area shall be in conformity with the size and design of all other signs in place in, on, or about the leased premises by other tenants of the shopping center, and said sign shall further comply with all city, county, and state ordinances, presently in effect or to be enacted.

UNINSURED DAMAGE. Should the building, or any improvements on the premises be totally or substantially destroyed by any cause other than insured peril, so that the leased premises are unfit for the conduct of Tenant's business, then Landlord shall have the right, by giving thirty (30) days notice to terminate this lease and all rental and other charges shall be adjusted to the date of such destruction.

MAINTENANCE. Landlord agrees to maintain in good order and repair, at its own expense and cost, roof, foundation, and exterior walls of the building, (excluding any and all store front plate glass windows, doors, and any other windows in or about said premises), and the parking area surrounding the building. Tenant shall give Landlord the proper notice of the need of any repairs thereto. Tenant agrees to keep the interior of the building, including but not limited to plate glass, plumbing, closets, pipes, and fixtures belonging thereto, in good repair at its own expense and cost, except such repairs made necessary by fire, explosion, tornado, act of God, or any unforeseen cause over which Tenant had or has not reasonable control, with the exception that if such repairs are made necessary as a result of or arising out of any criminal actions or acts caused by the Tenant, its agents, employees, or assigns, arising out of malfeasance, misfeasance, or nonfeasance of said individuals. Tenant shall not be required to replace or repair any items which are or become defective, because of faulty installation or construction. Landlord and its agents may enter upon and inspect said lease premises at any time during the time of this lease during the business hours of the Tenant. Tenant covenants and agrees that it shall at all times keep said premises in a clean, neat, and sanitary condition, and that it shall comply with all valid laws, ordinances, rules and regulations made by any governmental authority applicable to the occupancy or use of said premises, including all laws, regulations and rules for inspecting fire and fire hazards. Tenant shall service the air conditioning and heating equipment, including repairs and replacement of parts, providing it shall be entitled to all parts and service guarantees which the manufacturer and the installing contractor grant on this equipment.

COMMON AREAS. All areas and improvements provided by Landlord for the general use, in common, of tenants, their offices, agents employees and customers, shall at all times be subject to the exclusive control and management of Landlord, and Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to all common areas. In each lease year, as defined herein, Tenant will pay to Landlord in addition to the rentals specified herein, a sum equal to 10¢ per square foot per annum of the space occupied by the Tenant. It being understood in this connection that one-twelfth (1/12th) of that amount shall be payable monthly at the same time the rental payments are made. Said sum shall be used by Landlord to defray the common expenses of maintenance, cleaning, sweeping and lighting for the common facilities and areas.

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**SUBORDINATION.** Tenant agrees that this lease shall be subordinate to all mortgages and deeds of trust liens which may be placed upon the demised premises by Landlord provided, however, that Tenant's right under this lease shall not be affected in the event of foreclosure of such lien unless Tenant is then in default under some substantial covenant of this lease. Tenant further agrees to execute such further reasonable instrument as may be required by Landlord's lender to evidence such subordination.

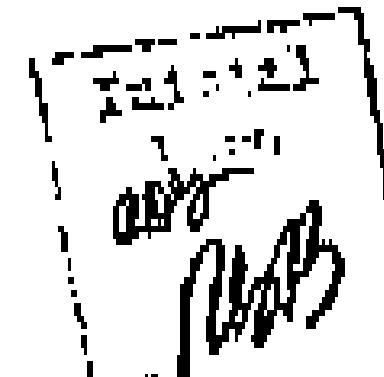
**ATTORNEY'S FEES.** In the event either Party is required to resort to legal proceedings, or incur expenses of any kind or nature, in enforcing its right hereunder, the prevailing party shall be entitled to receive as damages all reasonable attorney's fees and court cost that shall be affixed by the court of proper jurisdiction.

**TENANT TAXES.** Tenant shall pay all taxes upon personal property, including fixtures, merchandise, and equipment, owned by Tenant and located in, on, or about the leased premises.

**INCREASE IN TAXES.** Tenant shall pay to Landlord, upon demand, a sum equal to the difference between the taxes assessed on the shopping center for the first tax year of this lease term, and any greater amount for each tax year subsequent to the first tax year thereof, computed on a pro rata basis, based on the square footage of the leased building relative to the total square footage of buildings contained in the shopping center on the date of assessment. Such payment during any one year is simply in the nature of an increase in the minimum rental for that year and is to be charged back against any excess rent which may be due Landlord for that year under the percentage agreement herein before provided.

**LIABILITY.** Tenant shall hold Landlord harmless against all claims, judgments and demands of any person or persons whomsoever on account of any injuries or accidents occurring in, on, or about the leased premises as a result of wilful or negligent acts or omissions of Tenant, its employees, agents or representatives, or the breach of any obligation of Tenant as set out in this lease; and Tenant shall carry public liability insurance stipulating limits of not less than One Hundred Thousand Dollars (\$100,000) for each person, Three Hundred Thousand Dollars (\$300,000) for each occurrence, and One Hundred Thousand Dollars (\$100,000) for property damage with certificates of such insurance to be furnished to Landlord. Landlord shall hold Tenant harmless against all claims, judgments, and demands of any person or persons whomsoever on account of any injuries or accidents occurring in, on, or about the shopping center, resulting from wilful or negligent acts or omissions of Landlord, its employees, agents, or representatives or the breach of any obligation of Landlord as set out in this lease; and Landlord shall carry at its expense public liability insurance on the shopping center stipulating limits of not less than One Hundred Thousand Dollars (\$100,000) for each person, Three Hundred Thousand Dollars (\$300,000) for each occurrence, and One Hundred Thousand Dollars (\$100,000) for property damage with certificates of such insurance to be furnished to the Tenant.

**OTHER TENANTS.** Landlord will develop a minimum of 80,000 square feet of retail leaseable building area in the said Las Palmas Shopping Center.



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**LOSS OF USE OF PREMISES.** In the event any part of Tenant's store building should be taken by any public authority under the power of eminent domain, then the terms of this lease shall cease on that part from the date of condemnation and the rent shall be paid up to that day, and from that day the minimum rental shall be reduced in proportion to the amount of the store building taken; provided, however, that should thirty (30) percent or more of the store building be taken by the power of eminent domain, Landlord shall give Tenant written notice thereof and Tenant shall have the option, to be exercised within sixty (60) days after receipt of written notice, to cancel this lease and declare the same null and void. If Tenant should not elect to cancel this lease, Landlord shall, at its sole cost, build on the new building line a wall, or front, similar to the one removed. The damages awarded as compensation for the diminution in value of the building and land shall be awarded to Landlord. All awards made for loss of business, cost of removal of stock and fixtures and diminishing in value of Tenant's leasehold interest shall belong to Tenant.

**DEFAULT BY TENANT:** The following events shall be deemed to be events of default by Tenant under this Lease:

A. Tenant shall fail to pay any installment of the rent on the date that same is due and such failure shall continue for a period of ten (10) days.

B. Tenant shall fail to comply with any term, condition or covenant of this Lease, other than the payment of rent, and shall not cure such failure within thirty (30) days after written notice thereof to Tenant, or if such failure cannot reasonably be cured within the said thirty (30) days and Tenant shall not have commenced to cure such failure within said 30 days and shall not thereafter with reasonable diligence and good faith proceed to cure such failure.

C. Tenant shall become insolvent, or shall make a transfer in fraud of creditors, or shall make an assignment for the benefit of creditors.

D. Tenant shall file a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof; or Tenant shall be adjudged bankrupt or insolvent in proceedings filed against Tenant thereunder.

E. A receiver or trustee shall be appointed for all or substantially all of the assets of Tenant.

F. Upon the occurrence of any of such events of default, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

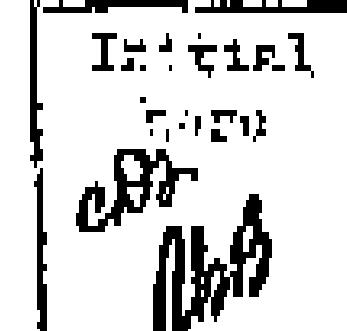
(1) Terminate this lease, in which event Tenant shall immediately surrender the premises to Landlord, and if Tenant fails so to do, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying said premises or any part thereof, by force if necessary, without being liable for prosecution or any claim or damages therefor; and Tenant agrees to pay to Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination, whether through inability to relet the premises on satisfactory terms or otherwise.

(2) Enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying said premises or any part thereof, by force if necessary, without being liable for prosecution or any claim for damages therefor, and relet the premises and receive the rent therefor; and Tenant agrees to pay to Landlord on demand any deficiency that may arise by reason of such reletting.

(3) Enter upon the demised premises by force if necessary without being liable for prosecution or any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease, and Tenant agrees to reimburse Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, and Tenant further agrees that Landlord shall not be liable for any damages resulting to the Tenant from such action, whether caused by the negligence of Landlord or otherwise.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the terms, conditions and covenants herein contained.

**DEFAULT BY LANDLORD.** Should Landlord default in fulfillment of any of the covenants or agreements of this lease and said default should not be corrected within sixty (60) days from receipt of written notice from Tenant of such default, Tenant at its option shall have the right, so long as default shall continue, to cancel this lease.



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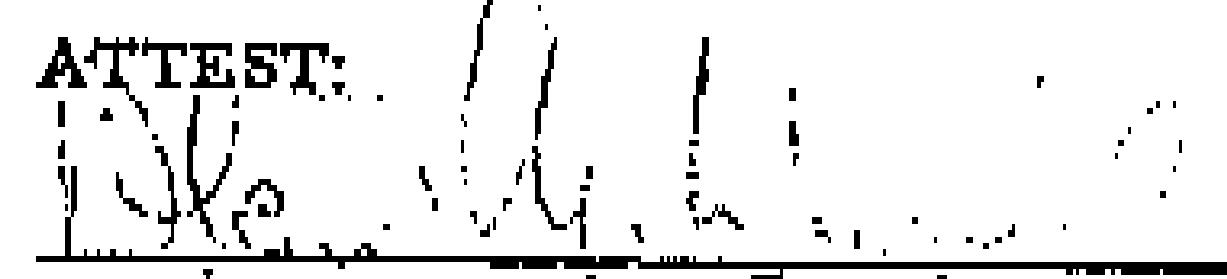
~~FORFEITURE FOR FAILURE TO PAY RENT. That any failure to pay the rent as aforesaid, or to comply with any one of the foregoing obligations, or any violation of any one of the foregoing covenants, the Landlord may, after ten (10) days written notice to tenant by Landlord of such violation, at its option, declare this lease forfeited and it, or its agent or attorney, shall have the right, power and authority to enter and hold, occupy and repossess the entire premises hereinbefore described, as before the execution of this lease, or the Landlord may instead declare at once due and payable here the entire unpaid balance of the rent and may proceed to collect the same, together with ten (10) percent thereon as attorney's fees if placed for collection.~~

INTERPRETATION OF WORD "LANDLORD". That the word "Landlord" as used in this lease shall be interpreted so as to include all of the Landlords named in the first paragraph hereof, whether the Landlord or Landlords named in said paragraph are Corporations or individuals and, if individuals, whether male or female. If more than one Landlord is named in said paragraph, the obligations of said Landlord herein contained shall be joint and several obligations.

LEASE BINDING ON HEIRS, ETC. It is further hereby expressly agreed and understood that all covenants and agreements herein made shall extend to and be binding upon the heirs, devisees, executors, administrators, successors in interest and assigns of both the said Landlord and the said Tenant, and that no modification of this lease shall be binding unless evidenced by an agreement in writing signed by the Landlord and signed in Tenant's name by one of Tenant's duly authorized officers.

IN WITNESS WHEREOF, Landlord and Tenant have caused this lease to be duly executed and sealed the day and year first above written.

ATTEST:



Secretary

LONE STAR DEVELOPMENT CORPORATION  
Landlord

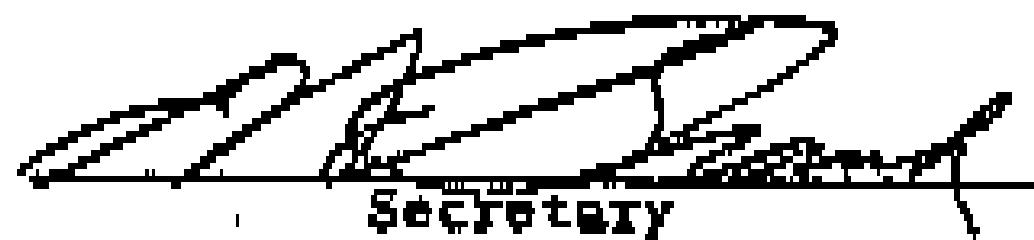
By:



C. D. Gresham, Vice President

3 BBALL BROTHERS 3, INC.

ATTEST:



Secretary

By:



Tenant

Page IV.

2-5  
29

THE STATE OF TEXAS I  
COUNTY OF CHEROKEE I

Before me, the undersigned authority, on this day personally appeared R. G. Beall,  
known to me to be the person whose name is subscribed to the foregoing instrument, and  
acknowledged to me that he executed the same as the act and deed of 3 BEALL BROTHERS INC.,  
of Jacksonville, Texas, and as the President thereof, and for the purposes and  
consideration therein expressed.

Given under my hand and seal of office this 8th day of January, 1972

*Buford Clark*  
Notary Public, Cherokee County, Texas

Corporate Acknowledgement

STATE OF TEXAS I  
COUNTY OF DALLAS I

BEFORE ME, the undersigned, a Notary Public, in and for  
said County and State, on this day personally appeared C. D. Graham, Jr.,  
known to me to be the person and officer whose name is subscribed to the  
foregoing instrument, and acknowledged to me that the same was the act of  
the said Gene Star Development Corp., a corporation, and that he  
executed the same as the act of such corporation for the purposes and con-  
sideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, This  
the 30th day of May, 1972.

*Dave Daumett*  
Notary Public in and for Dallas County,  
Texas

2-5  
30

Project No. 866 of Project Tex, R-66 is as follows:

Using the north right-of-way line of the alley in Block 250 and the east right-of-way line of Block 14th Avenue as a point of beginning; thence north along the east right-of-way line of North 14th Avenue to the north right-of-way line of McIntyre Street; thence west along the north right-of-way line of McIntyre Street to the east right-of-way line of North 13th Avenue; thence north along the east right-of-way line of North 13th Avenue to the north right-of-way line of Kuhn Street; thence west along the north right-of-way line of Kuhn Street to the east right-of-way line of North 12th Avenue; thence north along the east right-of-way line of North 12th Avenue to the south right-of-way line of Leib Street; thence west along the south right-of-way line of Leib Street to the east right-of-way line of North 14th Avenue; thence north along the east right-of-way line of North 14th Avenue to the north right-of-way line of Peter Street; thence west along the north right-of-way line of Peter Street to the east right-of-way line of North 13th Avenue; thence north along the east right-of-way line of North 13th Avenue to the centerline of the alley in Block 146; thence east along the centerline of the alley in Block 146, extended, to the east right-of-way line of North 14th Avenue; thence north along the east right-of-way line of North 14th Avenue to the south right-of-way line of Lovett Street; thence east along the south right-of-way line of Lovett Street to the east right-of-way line of North 16th Avenue; thence north along the east right-of-way line of North 16th Avenue to the north right-of-way line of Schunior Street; thence east along the north right-of-way line of Schunior Street to the west right-of-way line of North 19th Avenue, extended; thence north along the west right-of-way line of North 19th Avenue, extended, a distance of 640 feet, to the north boundary line of Block D, Lot 4; thence east along the north boundary line of Block D, Lot 4, to the centerline of the Irrigation Canal; thence southeasterly along the centerline of the Irrigation Canal until it intersects with the east boundary line of Block D, Lot 4; thence south along the east boundary line of Block D, Lot 4, to the north right-of-way line of Schunior Street; thence east along the north right-of-way line of Schunior Street to the east right-of-way line of Schunior Street to the east right-of-way line of Block 110, extended; thence south along the east right-of-way line of Block 110, extended, to the north right-of-way line of Lovett Street; thence east along the north right-of-way line of Lovett Street to the east right-of-way line of North 22nd Place, extended; thence south along the east right-of-way line of North 22nd Place, extended, to the north boundary of Block 1, Citrus Addition; thence east along the boundary of Block 1, Citrus Addition, to the west right-of-way line of North 25th Avenue, extended; thence south along the west right-of-way line of North 25th Avenue, extended, to west along the north right-of-way line, extended, of the alley in Block 1, Grove Park Addition; thence west along the north right-of-way line, extended, of the alley in Blocks 1, 2, 3, and 4, Grove Park Addition and Blocks 243, 244, 245, 246, 247, 248, 249, and 250, Original Townsite, to point of beginning, in the City of Edinburg, State of Texas, (herein called the "Locality").

INITIAL  
0081  
*[Signature]*

EXHIBIT "A"

*2-5*  
37

DEALL BROTHERS

1. Concrete floor covered with vinyl asbestos tile, Tenant to select pattern, shoe department and windows carpeted. For areas carpeted, Landlord will refund to Tenant cost of tile not used. All carpet to be furnished and installed by Tenant.
2. Interior walls to be either plastered and painted, covered with ½" prefinished paneling, sheetrocked, or prepared for wallpaper as per Beall's decor plan. If painted, Beall's to select colors. If paneled, Beall's to select finish. If wallpapered, Beall's will furnish wallpaper, hanging by contractor. Interior to be finished in the same decor as the McKinney, Texas store.
3. Attic to have 4" of insulation, or insulated type roof can be used.
4. Light fixtures with lamps furnished and mounted by Landlord, thereafter maintained by Tenant. Fixtures to have three (3) year ballast and to be of quality and design as used in other Center Department Stores. Provide time clock for window lights and sign. Sign by Tenant to be no larger than other signs within the Center unless prior approval is given by Landlord. Electrical and telephone plugs as shown on fixture plans furnished by Landlord.
5. Landlord shall provide complete summer and winter air conditioning, using an air cooled cooling tower, and duct work for same of a name brand and design to be approved by Tenant (Carrier, York, Westinghouse acceptable). Five (5) year warranty on compressors and one (1) year warranty on other equipment.
6. All electrical switches, panels, and disconnects necessary for lights and air conditioning furnished and installed by Landlord.
7. Provide water supply, drinking fountain, and drain for same. Drinking fountain to be furnished by Tenant and installed by Landlord.
8. All partition walls and fitting rooms by Landlord. Interior of fitting rooms to be constructed of prefinished blonde ½" panels.
9. Kawneer narrow stile entrance with Style "B" Coronet hardware equipped with Adams Rite M.S. 1851A Deadlock with 4042 Cyl. Guard or equal.
10. Stockroom shelving by Tenant.
11. Stockroom balcony over service area. Seal off from the store proper with sheetrock, finished similar to the other masonry walls, the stockroom at the rear of the building, and build balcony floor with at least 7½' clearance in the stockroom and at least 7' clearance above the balcony, with stairway and handrails for same leading to the balcony. Balcony shall be sealed off from the store proper with sheetrock. (Specifications for stairway to balcony shall be: Tread 10" - Riser 7" - Height of handrail, to be provided on both sides of stairway, 32" measured from front of tread, in line with the riser, to the top of the rail, uniform through stairway).
12. Interior walls in show windows to be covered with ½" prefinished walnut paneling.

NOTE TO CONTRACTOR:

Install 2 only 1 x 4 and 1 only 2 x 4 furring strips down both sidewalls, across rear partition, and across store side of show window backgrounds, locate one strip 36" from store floor to CENTER of 1 x 4, locate one strip 86" from store floor to top of 1 x 4, and locate 2 x 4 one inch from store floor per.

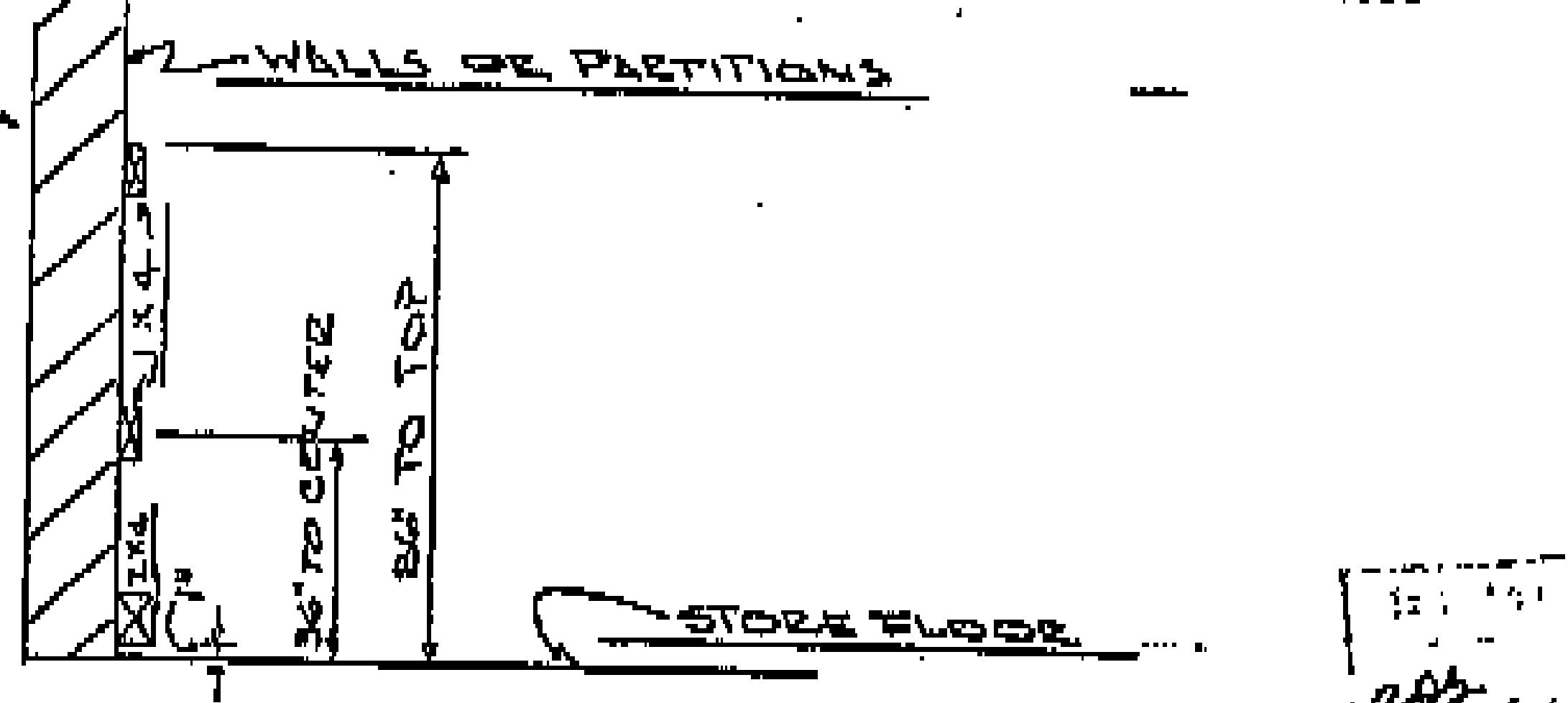
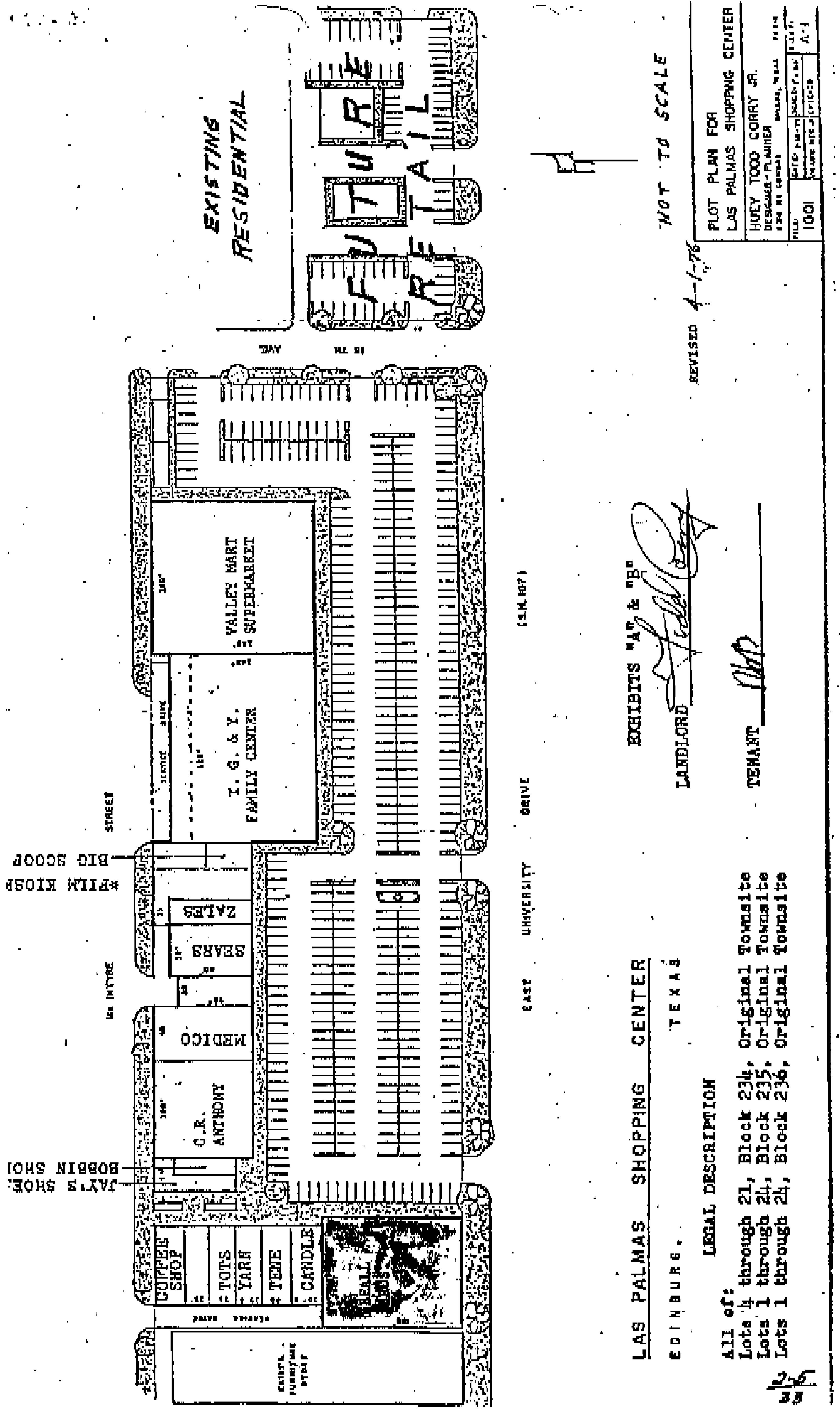


EXHIBIT "D"

25  
B2



# B-Y Edinburg Center, Ltd.

July 6, 2000

U.S. Bankruptcy Court  
P. O. Box 61288  
Houston, Texas 77208

Attention: Bankruptcy Clerk's Office

Re: Case No. 00-35079-H2-11 – Proof of Claim

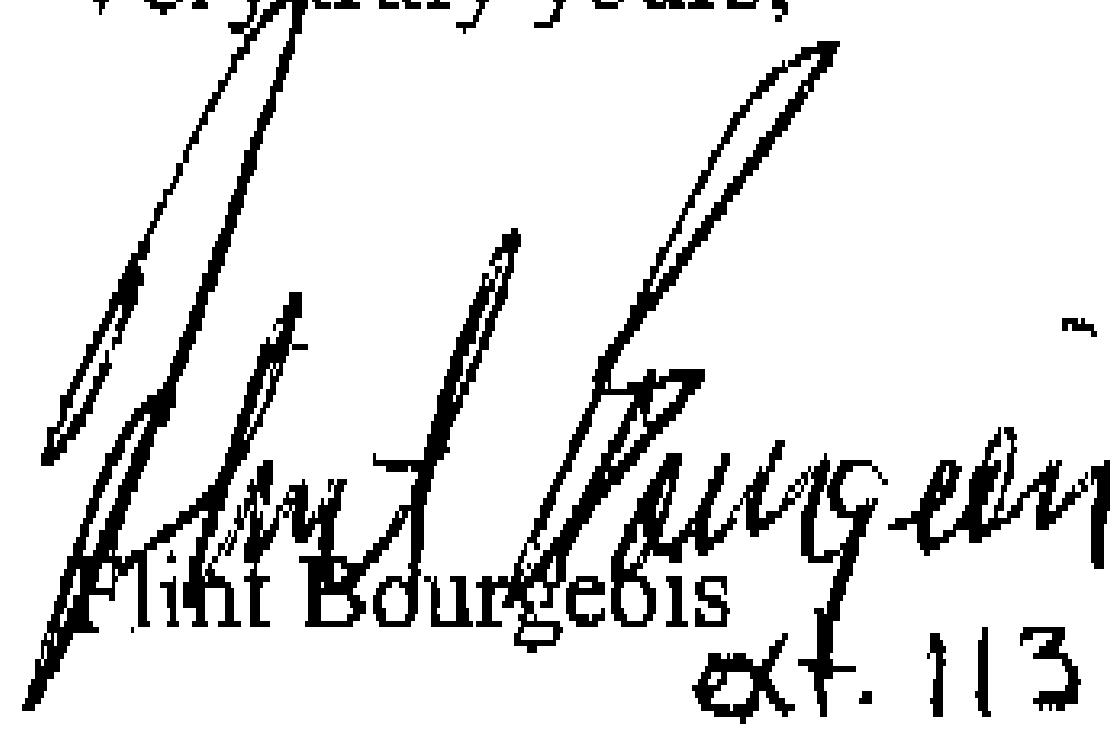
Dear Sir or Madam:

Enclosed is a proof of claim to be filed in the referenced matter.

Also enclosed is a copy of the proof of claim to be file-stamped and returned to me in the enclosed self-addressed, stamped envelope.

Thank you for your attention to this matter.

Very truly yours,

  
Flint Bourgeois  
ext. 113

FB/db

Enclosure: Form B10, Proof of Claim

cc: Jenkins & Gilchrist (via: certified mail), 1445 Ross Avenue, #3200, Dallas, Texas 75202, attention: Andrew E. Jillson – Will the debtor assume or reject our leases? *The Debtor has 2 leases with B-Y  
Edinburg Center, Ltd*